

July 9, 2015

Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Wheeler:

**RE: Incentive Auction: GN Docket No. 12-268; WT Docket No. 12-269;
AU Docket No. 14-252; WT Docket No. 14-170**

The National Urban League commends the Commission for its plan to expand diversity and inclusion in the DTV Incentive Auction. We are especially encouraged by the proposal on circulation to repeal the Attributable Material Relationship (AMR) Rule – a rule which has severely hampered *bona fide* designated entities' participation in spectrum incentive auctions. We encourage the Commission to adopt rules that will provide *bona fide* DE's with an opportunity to successfully participate for the benefit of all consumers.

Over the course of fifty-six wireless auctions in the past 20 years, very few MWBEs have been able to participate effectively and win licenses. To deliver on the promise of innovation, competition and universal deployment of broadband, the inclusion of MWBEs as licensees must be a core policy goal of the FCC.

The upcoming DTV Incentive Auction provides an important opportunity for the Commission to create more competition through the participation of designated entities, and raise revenues that could ultimately help fund programs to facilitate broadband adoption, training for digital literacy, STEM education and minority entrepreneurship. A successful auction means more spectrum for crucial mobile broadband needs and more revenues, for the Treasury, to improve the lives of all Americans.

It is therefore critical that the Commission design the incentive auction in a manner that will maximize the revenues to the Treasury, and provide real opportunities for designated entities. The best way to meet this goal is to design a fair and competitive auction that incentivizes broadcasters to offer up sizeable amounts of spectrum, coupled with reasonable reforms to the FCC's designated entity rules to ensure MWBEs are amongst the diverse array of successful bidders.

Initially, the Commission set aside 30 MHz of spectrum in each market for carriers other than AT&T and Verizon. T-Mobile – which reportedly is in merger discussions with DISH – has asked the Commission to increase the set aside to 40 MHz. That would be a mistake because large multi-billion dollar corporations do not need a taxpayer-funded handout, especially when that handout comes at the expense of underserved communities. Restricting competition by reducing the number of bidders for even more spectrum would reduce the revenues raised in the auction without providing a commensurate benefit to consumers.

If the Commission considers modifying the set aside, it should limit it to designated entities, including rural carriers and MWBEs. A set aside for designated entities would directly benefit the underserved communities that most need a stake in spectrum ownership.

If the Commission wishes to incentivize large carrier participation in auctions, it could do so by providing a bidding credit for future auctions to any carrier that participates in secondary market transactions with designated entities. This would provide a clear path for more competition, diversity and inclusion.

In addition, we call on the Commission to ask Congress to pass legislation requiring that a portion of the incentive auction's net proceeds be set aside for programs that will help close the digital divide and bring the promise of the digital revolution to all Americans. Since spectrum is a finite, government-managed resource, the Commission's policies should maximize revenues and share the benefits with underserved communities. In particular, a percentage of the auction's net proceeds should be used to underwrite innovative programs to increase broadband adoption by subsidizing the cost of computers and tablets for low income families, providing digital literacy training in high-risk neighborhoods, and expanding Lifeline so that all eligible low income families can participate.

Finally, to advance opportunities for minority ownership, a portion of the auction's net proceeds should be used to reinvigorate and fully underwrite the Telecommunications Development Fund. The Fund, which was conceived in 1996 as a means of promoting telecom ownership diversity, has suffered from gross undercapitalization. Its lending and investment ability should be commensurate with the current scale of the industry.

The National Urban League looks forward to working with the Commission to help ensure a successful incentive auction.

With warmest regards,



Marc H. Morial
President and Chief Executive Officer
National Urban League